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Letter: Reform insurers to protect consumers

While the headline of The Detroit News' May 11 editorial, "Insurance firms deserve fair and reasonable treatment from state regulators," was right, the substance was wrong. Auto insurers should receive reasonable treatment from state overseers. Instead, 30 years of sweeping deregulation has resulted in preferential treatment at the expense of businesses and consumers. It will come as a surprise to many that auto insurers are exempt from the nation's antitrust laws and are beyond the reach of the state's Consumer Protection Act. Technically, the state insurance commissioner can order refunds to consumers when insurers overcharge, but in reality, a loophole in the Insurance Code prevents the commissioner from exercising that authority. As a result, Michiganians are required by law to pay among the highest rates in America for car insurance even though accidents are down 54 percent and company profits are setting all-time records.

Unaffordable car insurance premiums prevent consumers from purchasing new cars. So continued preferential treatment for insurers hurts our auto and supplier industries at a time when they are fighting for their lives.

The Detroit News also defends the practice of credit scoring, which the Granholm administration is vigorously opposing in the courts. Suppose a worker falls behind in paying his or her household bills because the factory where he or she is employed closes. The worker's credit score is adversely affected by something that has nothing to do with how safely the worker drives.

Where's the fairness in that?

Gov. Jennifer Granholm has asked auto insurance companies to voluntarily freeze rates while the state Legislature enacts comprehensive auto insurance reform. Requiring companies to properly justify rate increases while insurance reform is debated and adopted in the Legislature is not "nit-picking," as The News suggests. It is necessary to protect the pocketbooks of Michigan businesses and consumers alike.

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